



February 8, 2013

CRT Review (DKE)
P.O. Box 14428
Portland, OR 97293

transmitted electronically:
treatyreview@bpa.gov

Stephen R. Oliver
U.S. Entity Coordinator, Columbia River Treaty
Bonneville Power Administration

David Ponganis
U.S. Entity Coordinator, Columbia River Treaty
U.S. Army Corps of Engineers, Northwestern Division

Gentlemen,

On behalf of the PNUCC Board of Directors and our members I would like to thank you for the opportunity to provide our preliminary perspective on both the content and direction of the U.S. Entity's draft recommendation on the future of the Columbia River Treaty. We especially appreciate you and your staff providing insightful reports to the PNUCC Board during the past several years as the Review has progressed. PNUCC and many of its members have been actively following the analytic work of the U.S. Entity and have participated through your various stakeholder public sessions.

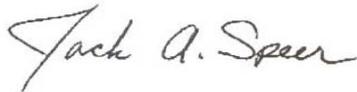
In addition PNUCC's members have engaged in the Review through the Columbia River Treaty Power Group. We have contributed to and support the Guiding Principles outlined in their February 8th letter to you on this subject. We ask that you consider these principles as you develop your initial recommendation on the Treaty.

While the coordinated operation of the Treaty storage has provided substantial shared benefits to the United States and Canada, we want to underscore the critical importance of re-aligning the current level of Canadian Entitlement Return with the actual downstream power benefits. Your analysis to date indicates that the U.S. is currently significantly over-compensating Canada for this power benefit. This imbalance of costs and benefits has a negative impact on the economy of the Northwest and needs to be reconciled.

We encourage the U.S. Entity to begin immediately to renegotiate with the Canadian Entity the sharing of the downstream power benefits to ensure that any payment made to Canada does not exceed one-half of the actual benefits. Article XIX of the Columbia Treaty provides a mechanism for either the United States or Canada to “terminate the Treaty”, which includes most provisions of the Treaty, while leaving in place other requirements, such as operation for flood control. It may be necessary for the U.S Entity to exercise this provision of the Treaty in order to effectively engage in a meaningful negotiation and reach a new agreement in a timely manner.

We look forward to working with you in the next few months as you move forward to a final recommendation to the U.S. Department of State.

Sincerely,

A handwritten signature in cursive script that reads "Jack A. Speer". The signature is written in dark ink and is positioned below the word "Sincerely,".

Jack Speer, Chairman
PNUCC Board of Directors

cc: PNUCC Board of Directors